



STATE OF NEW JERSEY
Board of Public Utilities
Two Gateway Center
Newark, NJ 07102
www.bpu.state.nj.us

TELECOMMUNICATIONS

IN THE MATTER OF THE APPLICATION OF)
PPL TELCOM, LLC FOR AUTHORITY TO PROVIDE)
INTEREXCHANGE TELECOMMUNICATIONS) ORDER
SERVICES IN THE STATE OF NEW JERSEY)

DOCKET NO. TE03030186

(SERVICE LIST ATTACHED)

BY THE BOARD:

Pursuant to N. J. S. A. 48:2-1 et seq. and Section 253 of the federal Telecommunications Act of 1996, 47 U.S.C. §151 et seq., and by letter dated March 7, 2003, PPL Telcom, LLC ("Petitioner" or "PPL Telcom") filed a Petition with the New Jersey Board of Public Utilities ("Board") requesting approval for authority to provide interexchange telecommunications services in the State of New Jersey. Petitioner subsequently filed an amended Petition on April 7, 2003. Pursuant to the Open Public Records Act N.J.S.A. 47:1A-1 et seq., Petitioner has submitted its financial information under seal and has included a sworn affidavit with substantiation for confidential treatment in order to limit the availability of proprietary information.

On October 26, 2000, PPL Telcom was initially incorporated as PPL Telecom, LLC ("PPL Telecom") under the laws of the State of Delaware. On March 21, 2001, PPL Telecom filed a Certificate of Amendment to change its corporate legal name to PPL Telcom, LLC. Petitioner states that PPL Prism, LLC ("PPL Prism") is a wholly owned subsidiary of PPL Telcom. As per Docket No. TE03030184, PPL Prism has also applied for authority to provide resold interexchange telecommunications services in New Jersey. Petitioner's principal offices are located at Two N. Ninth Street, Allentown, Pennsylvania 18101-6094.

Petitioner has submitted copies of its Amended Certificate of Incorporation from the State of Delaware and its New Jersey Certificate of Authority to Operate as a Foreign Corporation. According to the Petition, PPL Telcom was formed to provide resold interexchange telecommunications services throughout New Jersey. Petitioner states that currently it provides interexchange telecommunications services in and around Pennsylvania. Petitioner states that it

will file an application for authority to offer telecommunications services in Maryland, New York and the District of Columbia.

In its Petition, the Company seeks authority to provide facilities-based and resold interexchange telecommunications services to both carriers and private-line customers throughout the State of New Jersey. Petitioner states that it will also provide fiber optic non-switched transmission services to carriers and private-line customers in the Mid-Atlantic States and the District of Columbia, beginning in the second quarter of 2003. Initially, PPL Telcom will resell these services provided by its subsidiary via the fiber that is controlled by PPL Prism. The Petitioner further states that it will also resell these services by collocation and interconnection with the incumbent local exchange carrier that its subsidiary will assume from Cambrian as a part of the acquisition and transport equipment that PPL Prism will deploy in the markets it serves. Petitioner asserts that in the near future, it intends to sign up its own customers for facilities-based and resold interexchange telecommunications services in New Jersey. According to the Petition, it is contemplated that, if the assets and operations being acquired by PPL Prism have ongoing value as anticipated, PPL Telcom will undertake a merger transaction with PPL Prism. If this merger occurs as anticipated within one year's time, then PPL Prism will Merge into PPL Telcom and will terminate its authorization to operate in New Jersey.

Petitioner requests a waiver of N. J. S. A. 48:3-7.8 and N. J. A. C. 14:1-4.3 which require that books and records be kept within the State of New Jersey and be maintained in accordance with the Uniform System of Accounts ("USOA"), respectively. In the interest of efficiency and to prevent undue burden, Petitioner requests permission to maintain its books and records in accordance with Generally Accepted Accounting Principles and to keep all books, records, documents and other writings incident to the conduct of Petitioner's business in the State of New Jersey at Petitioner's corporate offices in Allentown, Pennsylvania. Petitioner also states, upon written notice from the Board, it will provide its books and records at such time and place within New Jersey as the Board may designate and will pay any reasonable expenses for examination of the records.

Petitioner asserts that approval of its Petition will further the public interest by expanding the availability of competitive telecommunications services in the State of New Jersey. Petitioner also asserts that approval of this Petition will provide New Jersey customers with access to new technologies and service choices and will permit customers to achieve increased efficiencies and cost savings.

With regard to its technical and managerial qualifications, PPL Telcom states that it possesses the technical capability and managerial qualifications to operate and manage its telecommunications operations in the State of New Jersey. Petitioner has submitted the professional biographies of its key personnel who, according to PPL Telcom, are well qualified to execute its business plans and have extensive managerial and technical experience in the telecommunications industry.

DISCUSSION

On February 8, 1996, the federal Telecommunications Act of 1996, P.L. 104-104, 110 Stat. 56, codified in scattered sections of 47 U.S.C. §151 et seq., was signed into law, removing barriers to competition by providing that:

[n]o State or local statute or regulation, or other State or local legal requirement, may prohibit or have the effect of prohibiting the ability of any entity to provide any interstate or intrastate telecommunications service.

[47 U.S.C. §253(a)].

Therefore, Board approval of Petitioner's entry into the telecommunications marketplace is required, assuming Petitioner meets all other requirements, including, but not limited to, a demonstration of financial, technical and managerial integrity.

In considering this Petition, the Board recognizes its obligation not to prohibit entry into intrastate telecommunications markets. 47 U.S.C. §253(a). Approval is also in keeping with the New Jersey State Legislature's declaration that it is the policy of the State to provide diversity in the supply of telecommunications services, and its findings that competition will "promote efficiency, reduce regulatory delay and foster productivity and innovation" and "produce a wider selection of services at competitive market-based prices." N. J. S. A. 48:2-21.16(a)(4); N. J. S. A. 48:2-21.16(b)(1) and (3).

Therefore, having reviewed PPL Telcom's Petition and the information supplied in support thereof, the Board FINDS that the Petitioner is in compliance with the Board's filing requirements which are necessary to provide telecommunications services in New Jersey. Accordingly, the Board HEREBY AUTHORIZES the Petitioner to provide interexchange telecommunications services throughout New Jersey subject to approval of its tariff. The Board also FINDS that in accordance with N. J. S. A. 48:2-59 and 48:2-60 and N. J. S. A. 52:27E-61 and 52:27E-62, the Petitioner is subject to an annual assessment by both the Board and Division of Ratepayer Advocate, respectively. The Board notes that the Petitioner will not be permitted to provide telecommunications services until a tariff is approved by the Board.

The Board HEREBY ORDERS that:

- 1) Petitioner file its tariff for Board approval.
- 2) Pursuant to N. J. S. A. 48:2-16.3, Petitioner shall file an annual report as of December 31 of each year, which is due on or before March 31 of the following year.
- 3) Pursuant to N. J. S. A. 48:2-59 and 48:2-60, Petitioner shall file a statement of gross intrastate revenues from operations form (AR3-1) as of December 31 of each year, which is due on or before June 1 of the following year.

On or before February 1st of each year, the Petitioner will receive from the Division of Audits, an annual report package and a statement of gross intrastate revenues from operations form for the preceding calendar year. The purpose of these documents is to report the company's financial information and gross intrastate revenues from operations as of December 31 of each year. The annual report and a statement of gross intrastate revenues from operations form is due on or before March 31 and June 1 of the following year, respectively. If Petitioner does not receive these documents, it is Petitioner's responsibility to obtain them from the Board. It is also the Petitioner's responsibility to ensure timely filing of these reports.

Regarding the Petitioner's request for waivers of the Board rules, the Board FINDS that the Petitioner has demonstrated good cause why the Board should grant relief from its requirements that the Petitioner maintain its books and records in accordance with USOA and within New

Jersey. Therefore, subject to the Petitioner's continuing responsibility to provide the Board books and records upon 48 hours notice, and in the manner requested, and to pay to the Board any reasonable expenses or charges incurred by the Board for any investigation or examination of these books and records, the Board APPROVES the Petitioner's request for the exemptions from maintaining its books and records in accordance with USOA and in New Jersey.

DATED: 5/8/03

BOARD OF PUBLIC UTILITIES
BY:

(SIGNED)

JEANNE M. FOX
PRESIDENT

(SIGNED)

FREDERICK F. BUTLER
COMMISSIONER

(SIGNED)

CAROL J. MURPHY
COMMISSIONER

(SIGNED)

CONNIE O. HUGHES
COMMISSIONER

(SIGNED)

JACK ALTER
COMMISSIONER

ATTEST:

(SIGNED)
KRISTI IZZO
SECRETARY

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TO PROVIDE INTEREXCHANGE TELECOMMUNICATIONS
SERVICES IN THE STATE OF NEW JERSEY

DOCKET NO. TE03030186

SERVICE LIST

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